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December 15, 2010

AGENDA ITEM 15

TO: MEMBERS OF THE BOARD OF ADMINISTRATION

- I. SUBJECT:** Organizational Structure and Processes Initiative Update
- II. PROGRAM:** Various
- III. RECOMMENDATION:** Information Item
- IV. ANALYSIS:**

The purpose of this agenda item is to provide an overview and current status of the Organizational Structure and Processes Initiative's (Initiative) efforts.

Following the November Board workshop on the new top-level design, the Initiative team's recent efforts have been focused on engaging staff, developing additional detail in the organizational design, and examining processes that will enable the new organization to perform effectively.

Over the past month, the team conducted a series of interviews, workshops, and focus groups with staff to solicit their feedback on the organizational design. The five focus groups included approximately 60 staff from various areas and levels of the organization. These focus groups brought employees together from different parts of the organization and helped facilitate open discussions about CalPERS. Staff provided invaluable input about processes and challenges that should be addressed. This input will be reflected in the organizational work as the team moves forward.

From the inception, the Initiative has committed to open and active communication with staff. The team continued this effort with a town hall meeting for all managers and supervisors held on Monday, November 29, 2010. The primary topics covered were the organizational health survey and the organizational design. The meeting included remarks by Rob Feckner, Anne Stausboll, Steve Kessler, Ann Boynton, Russell Fong, Roxane Divol from McKinsey, and a question and answer period with all members of Executive

staff. Reflecting a suggestion received during the town hall, the team is working on developing a method for all staff to confidentially provide input to the Initiative. Details will be announced to staff in the coming weeks.

Next, the team is working to develop the next level of detail. In preparation the team continues to engage staff and solicit input on the structure as well as the supporting linkages, processes, and decision rights. During the January Board offsite, the team expects to share this next level of detail for the organization design.

V. STRATEGIC PLAN:

This agenda item supports:

- Strategic Plan Goal III – Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.
- Strategic Plan Goal VI – Administer pension benefit services in a customer oriented and cost effective manner.

VI. RESULTS/COSTS:

N/A

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